

NOTE: These minutes were approved and executed at the July 24, 2020 Independent Investment Committee meeting.

**Independent Investment Committee Meeting
June 19, 2020**

Public Minutes

**New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301**

Committee Members (by video conference): Maureen Kelliher, *Chair*; Christine Clinton; Daniel LaPlante; Tim Lesko; Michael McMahon; and Keith Quinton.

Staff (by video conference): George Lagos, *Executive Director*; Larry Johansen, *Director of Investments*; Greg Richard, *Senior Investment Officer*; Shana Bilech, *Junior Investment Officer*; and Ashley Lloyd, *Junior Investment Officer*.

NEPC (by video conference): Kevin Leonard, *Partner and Senior Consultant*; and Sean Gill, *Partner and Director of Private Markets Research*.

Ms. Kelliher called the meeting to order at 9:00 a.m.

On a motion by Mr. Quinton, seconded by Mr. Lesko, the Committee unanimously approved the public minutes of the May 29, 2020 Investment Committee meeting, as presented, by roll call vote.

Mr. Johansen reviewed investment returns through recent periods and referred to the NEPC Marketable Investments performance flash report for periods ending May 31, 2020. Mr. Johansen provided an update on asset allocation and liquidity, with particular focus on funding requirements for pension and benefit payments over the next 30 to 90 days. The Committee reviewed the System's current policy on ESG and agreed to continue the discussion at a subsequent meeting.

Mr. Johansen reviewed the Work Plan and updated the Committee on several initiatives. He explained that the System received six submissions in response to the Investment Consultant request for proposal. Staff is reviewing the submissions and will bring semi-finalists to the Committee in September.

Mr. Johansen revisited the Committee's discussion which began at the May meeting pertaining to the LSV model, investment approach, and recent absolute and relative performance. Mr. Kevin Leonard, Partner; of

NEPC referred to the “LSV Asset Management” presentation dated June 2020 and provided an overview of LSV’s investment style and their fit within the NHRS portfolio. A discussion with the Committee followed. The Committee agreed to continue to monitor the portfolio and review Staff’s and NEPC’s recommendations at a subsequent meeting.

On a motion by Mr. Quinton, seconded by Mr. Lesko, the Committee unanimously voted to renew the Investment Management Agreement with Causeway Capital Management through August 31, 2022, by roll call vote.

On a motion by Mr. LaPlante, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement with Artisan Partners through September 30, 2022, by roll call vote.

On a motion by Mr. Quinton, seconded by Ms. Clinton, the Committee unanimously voted to renew the Investment Management Agreement for the passive U.S. large-cap equity mandate managed by BlackRock through July 31, 2022, by roll call vote.

Mr. Anthony Frammartino, Partner; Mr. Tony Pietro, Partner; and Mr. Joe Davenport, Associate Partner; of The Townsend Group (“Townsend”) provided a brief introduction of themselves and their firm, an update on the Fiscal Year 2020 Investment Plan, and presented the Fiscal Year 2021 Investment Plan for the Committee’s consideration. They referred to the “New Hampshire Retirement System” presentation dated June 2020. A lengthy discussion with the Committee followed.

Mr. Pietro provided an update on the discretionary Real Estate portfolio the firm manages on behalf of the System, noting that the portfolio has exhibited favorable performance and remains in compliance with its guidelines. He discussed the transformation of the program since its inception in 2009 and commented upon the variety of funds held within the portfolio, noting the program represents a highly diversified portfolio of investments. He reviewed progress of the three goals set forth for the NHRS Fiscal Year 2020 Investment Plan, confirming the firm has achieved or exceeded each goal over the course of the fiscal year.

Mr. Davenport provided a detailed overview of a selection of recently initiated investments and reviewed performance over various periods, adding that the NHRS portfolio outperformed the benchmark over every measurable time period. Mr. Pietro reviewed the portfolio’s current investment profile and upcoming goals for FY 2021. He discussed potential changes to the program, and added that the firm remains flexible and can provide liquidity to the NHRS portfolio if necessary. He closed with an overview of the markets in which Townsend expects to find favorable investment opportunities and their relation to the strategies within the portfolio.

On a motion by Mr. LaPlante, seconded by Mr. Quinton, the Committee unanimously voted to approve The Townsend Group's Fiscal Year 2021 Investment Plan, by roll call vote.

Mr. Sean Gill, Partner; of NEPC referred to the "Private Equity & Private Debt Portfolio Review" presentation dated June 2020 and provided a detailed overview of the private equity and private debt assets of the NHRS portfolio as of December 31, 2019. He discussed NEPC's private market thoughts and recommendations for each of the private market strategies, supported by recent themes observed in fundraising, and deal and exit volume.

Mr. Gill reviewed returns as of December 31, 2019 over various periods, highlighting favorable performance experienced since the private equity & private debt program's restart in 2009. He provided a review of a handful of underperforming funds, noting the reasons for underperformance and long-term expectations for each. He reviewed valuations and fund rankings by vintage year, noting that a majority of funds are meeting or exceeding expectations. He discussed the expected pacing schedule of the private equity and private debt portfolio, noting that the 2020 pacing plan was revised downward slightly in response to the recent market selloff.

Mr. Gill discussed target allocations for the portfolio's private equity and private debt assets and discussed the relationship and returns of the portfolio's assets relative to its peers, noting that the portfolio continues to exceed expectations and add value to the Total Fund. He presented a comprehensive analysis of commitments within the portfolio, highlighting performance metrics and factors affecting performance. Mr. Gill provided NEPC's strategy and outlook for the near term, particularly as it relates to COVID-19, adding that he does not expect significant changes to the portfolio at this time.

On a motion by Mr. Quinton, seconded by Mr. LaPlante, the Committee unanimously voted to adjourn the meeting, by roll call vote.

The meeting adjourned at 11:18 a.m.